Financial Statements of

ParticipACTION

And Independent Auditor's Report thereon

Year ended March 31, 2025

KPMG LLP
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INDEPENDENT AUDITOR'S REPORT

To the Board Members of ParticipACTION

Opinion

We have audited the financial statements of ParticipACTION (the Entity), which comprise:

- the statement of financial position as at March 31, 2025
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at March 31, 2025, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

September 30, 2025

ParticipACTION

Statement of Financial Position

March 31, 2025, with comparative information for 2024

	2025	2024
Assets		
Current assets:		
Cash and cash equivalents (note 2)	$ 2,495,322	$ 1,996,380
Accounts receivable and prepaid expenses	706,552	220,484
	3,201,874	2,216,864
Capital assets (note 3)	14,254	10,949
	$ 3,216,128	$ 2,227,813
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 413,425	$ 365,176
Deferred contributions (note 4)	1,030,000	164,045
	1,443,425	529,221
Net assets:		
General surplus	17,703	43,592
Strategic reserve fund (note 5)	1,755,000	1,655,000
	1,772,703	1,698,592
Commitments and contingencies (note 6)		
	$ 3,216,128	$ 2,227,813

See accompanying notes to financial statements.

On behalf of the Board:

__________________________ Director

__________________________ Director

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Statement of Operations

Year ended March 31, 2025, with comparative information for 2024

	2025	2024
Revenue:		
Grants	$ 8,358,045	$ 8,006,986
Donations and sponsorships	1,460,000	710,000
Interest and miscellaneous	195,129	136,062
	10,013,174	8,853,048
Expenses:		
Programs and services	5,586,815	4,805,747
Staffing	3,083,923	2,748,995
Marketing and communications	719,750	817,179
Office and general	371,643	418,344
Board and committees	170,630	40,804
Amortization of capital assets	6,302	3,539
	9,939,063	8,834,608
Excess of revenue over expenses	$ 74,111	$ 18,440

See accompanying notes to financial statements.

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Statement of Changes in Net Assets

Year ended March 31, 2025, with comparative information for 2024

						2025		2024
		General surplus		Strategic reserve fund (note 5)		Total		Total
Net assets, beginning of year	$	43,592	$	1,655,000	$	1,698,592	$	1,680,152
Excess of revenue over expenses		74,111		–		74,111		18,440
Interfund transfer		(100,000)		100,000		–		–
Net assets, end of year	$	17,703	$	1,755,000	$	1,772,703	$	1,698,592

See accompanying notes to financial statements.

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Statement of Cash Flows

Year ended March 31, 2025, with comparative information for 2024

	2025	2024
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	$ 74,111	$ 18,440
Amortization of capital assets which does not involve cash	6,302	3,539
Change in non-cash operating working capital:		
Accounts receivable and prepaid expenses	(486,068)	563,440
Accounts payable and accrued liabilities	48,249	(7,336)
Deferred contributions	865,955	17,634
	508,549	595,717
Investing activities:		
Purchase of capital assets	(9,607)	(8,806)
Increase in cash and cash equivalents	498,942	586,911
Cash and cash equivalents, beginning of year	1,996,380	1,409,469
Cash and cash equivalents, end of year	$ 2,495,322	$ 1,996,380

See accompanying notes to financial statements.

ParticipACTION (the "Corporation") is a not- for-profit corporation incorporated without share capital. The Corporation was previously incorporated under the Canada Corporations Act and was continued under the Canada Not-for-profit Corporations Act in January 2014. The Corporation's principal activities are the promotion of health and physical fitness of Canadians through mass communication. The Corporation is a registered charitable organization, and is exempt from income taxes under Section 149(1) of the Income Tax Act (Canada).

1. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"). The most significant accounting policies are as follows:

(a) Cash and cash equivalents:

Cash and cash equivalents consist of cash on hand and short-term investments with maturities of less than 90 days.

(b) Revenue recognition:

The Corporation follows the deferral method of accounting for contributions, which include donations and sponsorships and grants.

Donations are recorded when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. No accruals are made for monies pledged but not yet received.

Funding grants from government and amounts received from promotion sponsors are recorded as revenue as the services are rendered or as the merchandise is provided.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

Interest income is recorded on the accrual basis.

1. Significant accounting policies (continued):

(c) Capital assets:

Capital assets are recorded at cost less accumulated amortization. Donated capital assets are recorded at fair value at the date of contribution. Amortization is provided using the straight-line basis over the estimated useful lives of the assets as follows:

Furniture and equipment	3 years
Computers	3 years

(d) Contributed materials and services:

Contributed materials and services are recognized only if the fair value can be reasonably estimated at the date of contribution and when the materials and services are used in the normal course of the Corporation's operations and would otherwise have been purchased.

During the year, the Corporation received in-kind materials and services in the amount of $7,793,984 (2024 - $5,097,399) in the form of media, products and services to support the Corporation's initiatives. These contributed services and materials are not recognized in the statement of operations.

(e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Corporation has elected to carry any such financial instruments at fair value.

1. Significant accounting policies (continued):

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Corporation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Corporation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(f) Attribution of general administration expenses:

Certain administration support expenses are attributed to project expenses based on either task-based service or estimated effort expended.

(g) Use of estimates:

The preparation of the financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

2. Cash and cash equivalents:

Cash equivalents consist of an investment savings account.

3. Capital assets:

			2025	2024
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and equipment	$ 4,259	$ 4,259	$ –	$ –
Computers	123,289	109,035	14,254	10,949
	$ 127,548	$ 113,294	$ 14,254	$ 10,949

4. Deferred contributions:

Deferred contributions related to expenses of future years represent unspent externally restricted donations and grants.

	2025	2024
Balance, beginning of year	$ 164,045	$ 146,411
Amounts received	1,147,500	218,150
Amounts spent	(281,545)	(200,516)
Balance, end of year	$ 1,030,000	$ 164,045

5. Strategic reserve fund:

The Board of Directors has established a reserve fund to allow for extraordinary events that may affect the ordinary operations of the Corporation.

6. Commitments and contingencies:

(a) Lease commitments:

The future minimum annual lease payments required under various operating leases, excluding realty taxes and common area maintenance, are approximately as follows:

2026	$ 70,000

(b) Contingencies:

The Corporation is party to legal matters arising in the ordinary course of business. While it is not feasible to predict the outcome of these matters, it is the opinion of management that the resolution of these matters will not have a material adverse effect on the operations of the Corporation.

7. Financial instruments:

Investment risk management:

Investment risk management relates to the understanding and active management of risk associated with all areas of investments and the associated operating environment. Investments are primarily exposed to market risk and possibly early redemption by the issuer. The Corporation reviews its investment assets mix and cash requirements annually.

The Corporation has no investments at year end (2024 - nil).

There has been no change to the above risk exposure from 2024.

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Schedule 1 - Sport Canada Contributions

Year ended March 31, 2025

Revenue:	
Reference level:	
Sport support program grant	$ 1,989,000
Expenses:	
General administrative:	
Office and general	172,389
Corporate communications	24,717
	197,106
Governance:	
Board of Directors	30,823
Advisory groups	24,546
	55,369
Staffing:	
Salaries and benefits	860,001
Professional development	10,795
	870,796
Operations and programming:	
Community engagement	391,574
Marketing and communications	240,944
Public education campaigns	164,015
Thought leadership	36,816
Evaluation	19,380
	852,729
Official languages:	
Translation costs	13,000
	1,989,000
Excess of revenue over expenses	$ –

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Schedule 2 - Public Health Agency of Canada Contributions (Let's Get Moving)

Year ended March 31, 2025

Revenue:	
Grants	$ 5,050,000
Expenses:	
Personnel	1,925,230
Materials	697,721
Performance measurement	196,091
Travel	97,000
Rent	75,000
Utilities	25,000
Equipment	2,500
	3,018,542
Other:	
Media	1,881,458
Rewards	150,000
	2,031,458
	5,050,000
Excess of revenue over expenses	$ –

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Schedule 3 - Sport Canada Contributions (Community Sport for All Initiative)

Year ended March 31, 2025

Revenue:	
Grants	$ 600,000
Expenses:	
Salaries and benefits	34,000
Disbursement to community organizations	510,000
Operations and programs	56,000
	600,000
Excess of revenue over expenses	$ –

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Schedule 4 - Sport Canada Contributions (Gender Equity and Equity, Diversity and Inclusion in Sport)

Year ended March 31, 2025

Revenue:	
Grants	$ 420,000
Expenses:	
Governance	5,000
Operations and programming:	
Community Challenge	315,000
Public education campaign	100,000
	415,000
	420,000
Excess of revenue over expenses	$ –